



UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.

Order 96-4-53

Served May 6, 1996

Issued by the Department of Transportation  
on the 30th day of April, 1996

Basic Essential Air Service at:

**ALLIANCE AND CHADRON, NEBRASKA  
MCCOOK, NEBRASKA**

**Dockets 42115  
41291**

under 49 U.S.C. 41731, *et seq.*

**FINAL ORDER**

**Summary**

By this order the Department of Transportation is making a final selection of Great Lakes Aviation, Ltd., d/b/a United Express, to provide essential air service at Alliance and Chadron, Nebraska, for an annual rate of subsidy compensation of \$693,726, and at McCook, Nebraska, for \$657,724 a year, for an overall total of \$1,351,450 for the three points.

**Background**

By Order 95-11-28, November 17, 1995, and by Order 95-12-12, December 11, 1995, the Department tentatively reselected GPEXpress Airlines, Inc., at Alliance, Chadron, Hastings, Kearney, and McCook, Nebraska, but at reduced service levels as part of a broader action that implemented program-wide subsidy reductions necessitated by the appropriation of \$22.6 million to fund subsidized service during fiscal year 1996. (This represented a \$10.8 million, or about one-third, reduction from the \$33.4 million that had been appropriated for the essential air service program in fiscal year 1995.) Because of the level of funding available for fiscal year 1996, it was also necessary for the Department to terminate subsidy support for the service to second hubs provided by GPEXpress at North Platte and Scottsbluff. Thus, the Department tentatively selected a combination of proposals that subsidized GPEXpress to provide two round trips a day (to a maximum of ten round trips a week) from Alliance and Chadron to Denver (with an intermediate stop permitted at Scottsbluff) for \$725,933 annually, two nonstop round trips a day from McCook to Denver for \$822,215 annually, and two round trips a day from Hastings and Kearney to Kansas City for \$634,992 annually. The order invited other carriers to submit competing proposals.

### **Carrier Proposals**

In response to the tentative reselection of GP Express by Orders 95-11-28 and 95-12-12, two air carriers, Great Lakes Aviation, Ltd., and Mesa Air Group, submitted proposals to provide essential air service at Alliance, Chadron, and McCook. Both carriers propose service with pressurized, 19-passenger Beech 1900 aircraft. Great Lakes has agreed to provide Alliance and Chadron two round trips each weekday over a Chadron-Alliance-Denver routing for \$693,726 annually and to provide McCook two nonstop round trips each weekday to Denver for \$657,724 annually (for a total of \$1,351,450 for service at all three points). Mesa has agreed to provide the same amount of service for the three points for \$1,506,810 annually. The two carriers' service proposals differ only in that Great Lakes' first McCook-Denver flight each day would originate in McCook and Mesa's would originate in Denver.

We did not receive any new proposals to serve Hastings or Kearney.

### **Communities' Views**

Under 49 U.S.C. 41733, the Department is required to consider, among other things, "the preferences of the actual and potential users of air transportation at the eligible place, giving substantial weight to the views of the elected officials representing the users". Accordingly, the Department sought the views of the Mayors and Airport Managers of Alliance, Chadron, and McCook, the Director of the Nebraska Department of Aeronautics, and the Governor of Nebraska.

We received comments from the Alliance Airport Authority, the Airport Manager of McCook, the Airport Advisory Board of the City of McCook, the McCook Chamber of Commerce, the Mayor of McCook, and Governor E. Benjamin Nelson.

The Alliance Airport Authority stated that it "would appreciate the services provided by either Great Lakes Aviation, Ltd., or Mesa Air Group" and indicated further that, "We were extremely impressed with Mesa Air Group because they took the initiative to visit the Alliance Airport...". The Airport Manager of McCook did not express a carrier preference. The McCook Airport Advisory Board, the McCook Chamber of Commerce, and the Mayor of McCook expressed a preference for Great Lakes Aviation. Governor Nelson did not indicate a carrier preference, but he did forward the information that Chadron supports selection of Great Lakes.

Although we did not receive a competing carrier proposal for Kearney, we have received contacts from the civic parties, including a letter from the Mayor of Kearney, indicating their dissatisfaction with the service currently provided by GP Express.

### **Selection Decision**

Upon our review of the proposals submitted, the level of essential air service that we are able to support with our current appropriation, and the views of the community officials, we have decided to select Great Lakes Aviation, Ltd., to provide essential air service at Alliance, Chadron, and McCook for approximately a two-year period beginning when the carrier inaugurates the agreed-upon levels of service through May 31, 1998.<sup>1</sup> Both carriers are experienced United Express code-share partners, and both would use the same pressurized Beech 1900 aircraft type. However, Great Lakes would require less subsidy and has more community support, particularly from McCook (the only community for which the two carriers' service proposals differ significantly). The service to be provided is summarized in Appendix B to this order. The Department will expect Great Lakes to operate a schedule comparable to that summarized in Appendix D to this order.

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<sup>1</sup> This order addresses a final carrier selection for only three of the five subsidized Nebraska essential air service points. In light of the communications we have received from Kearney, the Department's staff will contact GP Express and the appropriate officials of Hastings and Kearney to determine whether further proceedings are warranted for those points.

We expect GP Express Airlines and Great Lakes Aviation to make every effort to ensure an orderly transfer of service at Alliance, Chadron, and McCook, including notifying passengers holding reservations on GP Express's flights that the flights will be suspended, informing them of the availability of replacement service by Great Lakes, and assisting them in arranging alternate transportation.

This order is issued under authority delegated in 49 CFR 1.56(i).

**ACCORDINGLY,**

1. The Department selects Great Lakes Aviation, Ltd., to provide essential air service at Alliance and Chadron, Nebraska, as described in AppendixB to this order, for the two-year period beginning on the date the carrier inaugurates the level of service described in AppendixB, through May31, 1998;
2. The Department selects Great Lakes Aviation, Ltd., to provide essential air service at McCook, Nebraska, as described in AppendixB to this order, for the two-year period beginning on the date the carrier inaugurates the level of service described in AppendixB, through May31, 1998;

3. The Department sets a final rate of compensation for Great Lakes Aviation, Ltd., for the provision of essential air service at Alliance and Chadron, Nebraska, for the period set forth in ordering paragraph (1), above, to be payable as follows: For each calendar week in which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling rates set forth in Appendix B, and shall be determined by multiplying the subsidy-eligible departures performed during the week<sup>2</sup> by \$339.06;<sup>3</sup>
4. The Department sets a final rate of compensation for Great Lakes Aviation, Ltd., for the provision of essential air service at McCook, Nebraska, for the period set forth in ordering paragraph (1), above, to be payable as follows: For each calendar week in which essential air service is provided, the amount of compensation shall be subject to the weekly ceiling rates set forth in Appendix B, and shall be determined by multiplying the subsidy-eligible departures performed during the week<sup>4</sup> by \$642.94;<sup>5</sup>
5. The Department directs Great Lakes Aviation, Ltd., to retain all books, records, and other source and summary documentation to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits the audit and examination thereof by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;
6. Subsidy payments under this order are subject to the availability of funds. If the Department terminates payments provided for under this order because of insufficient appropriated funds, then, at the end of the period for which the Department does make payments, Great Lakes Aviation, Ltd., may suspend the services provided for by this order without regard to any requirement for notice of such suspension; and

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<sup>2</sup> Subsidy-eligible departures are defined as each arrival from and departure to Denver for both Alliance and Chadron. Subsidy-eligible departures are to be calculated separately for each point, even though the carrier proposes to serve both points on the same linear routing to Denver.

<sup>3</sup> Annual compensation of \$693,726 (from Appendix C), divided by two (to summarily allocate an amount to each point), divided further by the number of departures estimated to be performed annually for each point (1,023 departures, calculated by multiplying 4 departures per service day by 261 annual weekdays and multiplying further by 98 percent completion).

<sup>4</sup> Subsidy-eligible departures are defined as each arrival from and departure to Denver for McCook.

<sup>5</sup> Annual compensation of \$657,724 (from Appendix C) divided by 1,023 departures estimated to be performed annually. (See Note (2), above.)

7. We will serve a copy of this order on the Mayors and Airport Managers of Alliance, Chadron, and McCook, Nebraska, the Nebraska Department of Aeronautics, the Governor of Nebraska, GPEXpress Airlines, Inc., Mesa Air Group, and Great Lakes Aviation, Ltd.

By:

**CHARLES A. HUNNICUTT**

Assistant Secretary for Aviation  
and International Affairs

(SEAL)

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